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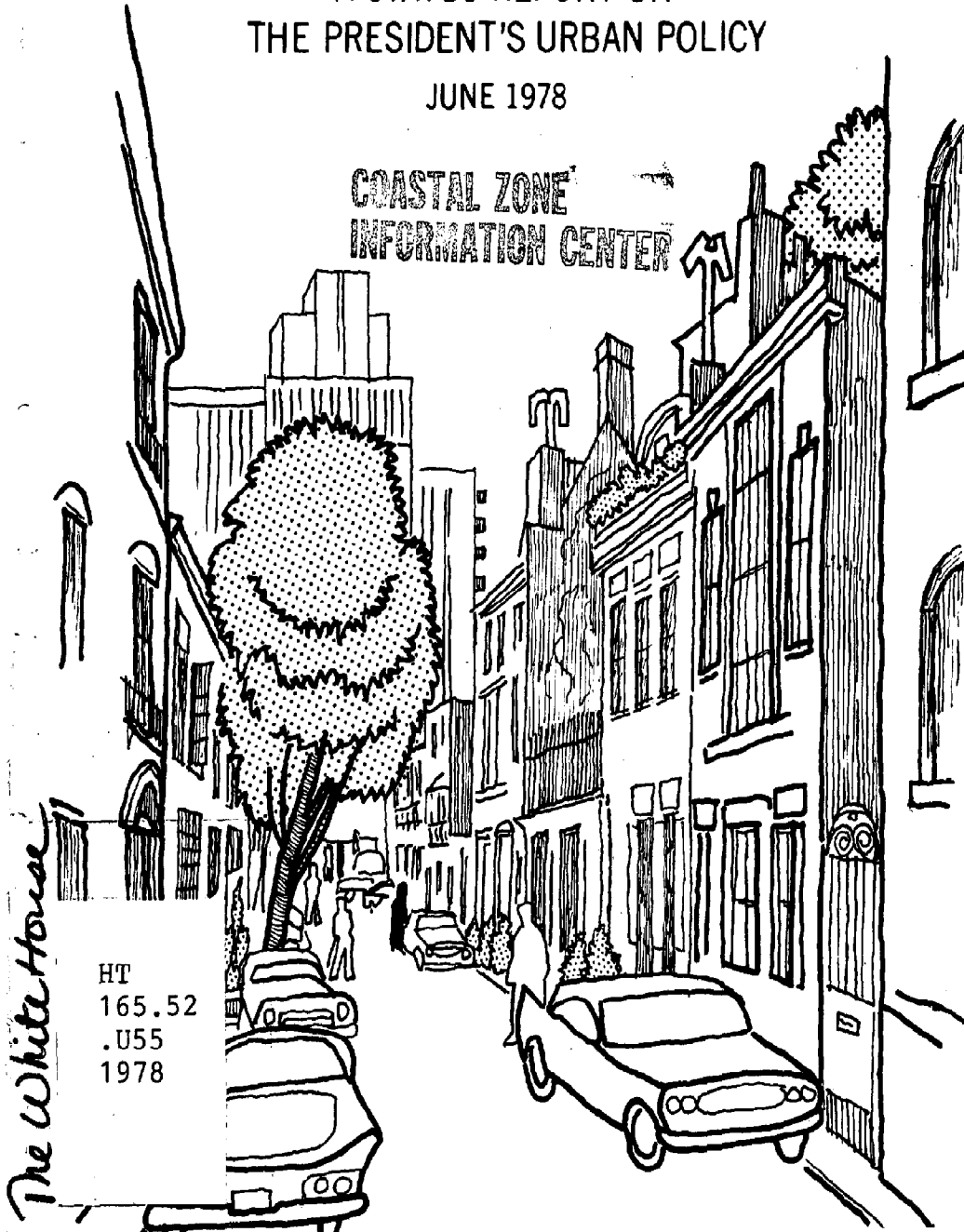
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# **A NEW PARTNERSHIP** **TO** **CONSERVE AMERICA'S COMMUNITIES**

A STATUS REPORT ON  
THE PRESIDENT'S URBAN POLICY

JUNE 1978

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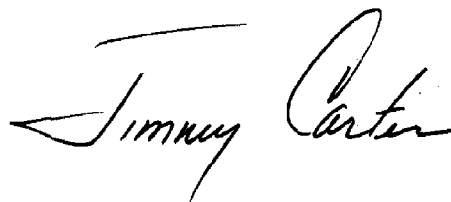
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On March 27, 1978 I announced a comprehensive national urban policy. This urban policy is based upon a New Partnership including all levels of government, the private sector, labor, and neighborhood and voluntary organizations. It represents a long-term commitment to the revitalization of America's communities.

I am pleased to make available this urban policy status report. This report outlines the status of the initiatives announced on March 27, as well as changes and improvements which have already been accomplished.

The job of revitalizing America's communities cannot be done by the Federal Government alone; the national urban policy recognizes and encourages local initiative and leadership. I have been most encouraged by the positive responses from all levels and branches of government, the private sector, labor, and neighborhood and voluntary organizations. I am optimistic that working together we will continue the progress which we have begun.

*The White House*

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# **A NEW PARTNERSHIP TO CONSERVE AMERICA'S COMMUNITIES**

## ***A Status Report on the President's Urban Policy***

On March 27, 1978, President Jimmy Carter announced a "New Partnership" to conserve America's Communities.

That occasion was historic. It was the first time that a President had articulated a comprehensive set of policies to guide Federal actions and programs for urban America. The President announced new legislative initiatives which together with other administrative actions will carry out the Federal commitments in the "New Partnership." This is a report on the status of those initiatives and activities.

President Carter's national Urban Policy recognizes the important role that all levels of American government — States, counties, cities — as well as the private sector and neighborhood and volunteer groups must play as partners in conserving our Nation's communities.

The New Partnership is wide-ranging in scope. It consists of an integrated set of nine commitments to urban America.

### **COMMITMENTS TO AMERICA'S COMMUNITIES**

1. Encourage and support efforts to improve local planning and management capacity, and the effectiveness of existing Federal programs, by coordinating these programs, simplifying planning requirements, reorienting resources, and reducing paperwork.
2. Encourage States to become partners in assisting urban areas.
3. Stimulate greater involvement by neighborhood organizations and voluntary associations.
4. Provide fiscal relief to the most hard-pressed communities.
5. Provide strong incentives to attract private investment to distressed communities.

6. Provide employment opportunities, primarily in the private sector, to the long-term unemployed and disadvantaged in urban areas.

7. Increase access to opportunity for those disadvantaged by a history of discrimination.

8. Expand and improve social and health services to disadvantaged people in cities, counties, and other communities.

9. Improve the urban physical environment and the cultural and aesthetic aspects of urban life.

Since the President's announcement, 15 major legislative proposals have been prepared and sent to Congress. Four Executive Orders have been drafted to reorient Federal programs to aid urban areas, and numerous administrative changes have been made in existing Federal urban programs.

Briefings and consultations with public interest groups and other organizations have been held on all major initiatives and pieces of legislation. Members of Congress and their staff have been consulted and briefed on major aspects of the legislation. A special briefing for congressional leaders, and neighborhood organizations and community group representatives was held with the First Lady on the portions of the urban policy affecting neighborhood and volunteer activities.

These recent activities and accomplishments have enabled the Administration to build upon the increases and improvements made in urban assistance and programs prior to the March 27 announcement. Since January 1977, Federal grants-in-aid to State and local governments have increased 25 percent, from \$68 billion in FY 1977 to \$85 billion in FY 1979. Some of the most important programs which have already been enacted into law or proposed to Congress include:

- A \$2.7 billion increase over three years in the Community Development Block Grant Program, accompanied by a change in the formula to provide more assistance to older and declining communities.
- A \$400 million a year Urban Development Action Grant Program providing assistance primarily to distressed communities.

- An expansion of youth and training programs and an increase in the number of public service employment jobs from 325,000 to 725,000. Expenditures for employment and training will double from FY 77 to FY 79 to over \$12 billion.
- A \$400 million private sector jobs proposal to reauthorize the CETA legislation. This initiative will encourage private businesses to hire the long-term unemployed and the disadvantaged.
- A 65 percent increase in grants provided to urban areas by the Economic Development Administration.
- An economic stimulus package enacted last year, (Anti-Recession Fiscal Assistance, Local Public Works and CETA) that provided almost \$9 billion in additional aid to States and cities.

These increases and programs are as much a part of the President's urban policy as the initiatives announced on March 27.

This status report outlines the actions and accomplishments of the Administration under each of the commitments or policies previously discussed. While some programs meet the objectives of several policies, they are listed only under the most relevant policy.

## THE PRESIDENT'S URBAN POLICY

**POLICY NO. 1. Encourage and Support Efforts to Improve Local Planning and Management Capacity, and the Effectiveness of Existing Federal Programs by Coordinating these Programs, Simplifying Planning Requirements, Reorienting Resources, and Reducing Paperwork.**

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## *Policy No. 1*

**Encourage and support efforts to improve local planning and management capacity, and the effectiveness of existing Federal programs by coordinating these programs, simplifying planning requirements, reorienting resources, and reducing paperwork.**

### **ACTIONS TAKEN:**

1. *Interagency Coordinating Council*—The Interagency Coordinating Council created by the President is chaired by Jack Watson, Assistant to the President for Intergovernmental Relations. The Council will serve as a forum for the removal of obstacles to program coordination and the resolution of conflict among Federal agencies with responsibility for urban programs. Also, at the request of a lead agency, it will consider coordinated local development plans requiring interagency cooperation. President Carter personally initiated the Council at its first meeting on May 15. Its membership includes 16 departments and agencies. A number of working groups have been formed to initiate action in several subject areas. An Executive Order will be issued soon to formalize the Council.

2. *Community Impact Analysis*—An Executive Order has been drafted to establish the Community Impact Analysis process. Under guidelines prepared by the Office of Management and Budget and the Domestic Policy Staff, all Federal agencies will conduct, as a part of their legislative and budget submissions, an analysis of the impact of their major policies and programs on urban and regional areas. This Executive Order will be signed by the President shortly. In addition, the Interagency Coordinating Council is examining methods for including community impact assessments in the A-95 review process.

3. *Revision of Existing Programs*—As a part of the Urban and Regional Policy Group (URPG) process, a thorough review of existing programs was undertaken by the Departments and

agencies. URPG selected approximately 40 programs for intensive analysis. They provide 70 to 80 percent of all funds to urban areas, and they constitute the key components of the Federal grant-in-aid system. These revisions are intended to eliminate duplication, increase program coordination, streamline processing, and improve the targeting of Federal aid to communities in need. Many of the revisions to improve the functioning of urban programs have been initiated and a large number already implemented. Some of the revisions will require Congressional action on pending legislation. The most significant changes in base programs are reported under the individual policies.

4. *Consolidation of Community and Economic Development Planning Requirements*—The Office of Management and Budget is working to consolidate community and economic development planning requirements. This effort builds on the "Federal Planning Requirements Study" underway by OMB and will result in integration of local, areawide and State planning requirements.

5. *Urban Data and Information System*—The Secretary of Commerce, as chair of the Statistical Policy Coordinating Committee, has created an interagency task force to design an improved urban data and information system. This initiative is important not only to improve local and areawide planning that is heavily dependent upon timely and accurate data on urban trends and conditions, but also to assist Federal program planners in designing and evaluating policies to aid urban centers.

6. *Reauthorization of LEAA*—The Crime Control Act of 1973, the legislation authorizing the Law Enforcement Assistance Administration, will expire at the end of Fiscal Year 1979. Under that legislation, LEAA makes available to State and local governments and to nonprofit organizations funds, technical assistance, and research to assist in strengthening law enforcement and criminal justice. Although not exclusively an urban program, LEAA assistance focuses to a major extent on

areas of high crime and high population. New legislation to be submitted will streamline and eliminate red tape in the delivery of assistance, target a greater percentage of funds to cities and counties, and strengthen crime prevention efforts in urban communities.

## *Policy No. 2*

**Encourage States to become partners in assisting urban areas.**

### **ACTIONS TAKEN:**

1. *State Strategies*—One of the more important components of the President's "New Partnership" program is contained in the "State Community Conservation and Development Act of 1978," which was transmitted to the Congress on May 26. This proposed legislation recognizes in a comprehensive way the critical position States occupy with respect to their communities. Appropriations of \$200 million for each of fiscal years 1979 and 1980 have been proposed. These funds will be used to make grants to States which qualify to assist in the implementation and execution of State Community Conservation and Development Strategies. These State strategies are to include two major components: a fiscal and governmental reform strategy, and a public investment strategy for community and economic development. The objectives of these incentive grants are:

- to promote the vitality of existing communities;
- to improve the fiscal capacity of distressed or declining communities;
- to reduce fiscal disparities among jurisdictions within each State;
- to concentrate Federal and State resources on communities and residents of communities most in need;

- to provide greater housing and employment opportunities; and
- to facilitate the coordination of Federal actions to complement approved strategies.

The program will be competitive, with several States receiving first year awards and a larger number expected in the second year. HUD will work with other agencies and interagency bodies to assure that Federal and federally assisted programs and activities are, to the maximum extent feasible, consistent with approved State strategies.

### *Policy No. 3*

**Stimulate greater involvement by neighborhood organizations and voluntary associations.**

#### **ACTIONS TAKEN:**

1. *Urban Volunteer Corps*—The Urban Volunteer Corps, to be administered by ACTION, will meet neighborhood needs and strengthen neighborhood organizations through the involvement of volunteers. It contains a provision for a "Good Neighbor Fund" to provide modest "seed" monies to neighborhood groups for volunteer revitalization projects. The Bill is now ready for floor action in the House and Senate. Full program implementation should occur by October 1, 1978 with a budget of \$40 million.

2. *Neighborhood Self-Help Development*—Legislation to create a Neighborhood Self-Help Development program in HUD was submitted to Congress on May 23. This proposal will provide \$15 million in assistance to neighborhood and voluntary organizations for specific housing and neighborhood revitalization projects and to improve the capabilities of neighborhood organizations in planning and managing the implementation of such projects. The program is to be run by

HUD's Office of Neighborhoods, which was newly created in 1977 at the level of Assistant Secretary.

3. *Community Anti-Crime Program*—The Law Enforcement Assistance Administration and ACTION will operate a Community Anti-Crime Program. This program will forge working partnerships among community groups, criminal justice representatives and city officials in community crime prevention. The President has transmitted to Congress a request for a \$10 million increase in LEAA's FY 1979 appropriations.

4. *Community Development Credit Unions*—The Community Services Administration and the National Credit Union Administration are developing a Community Development Credit Union initiative. A \$12 million capitalization fund will be administered by CSA to provide seed capital and NCUA will be responsible for chartering and regulatory aspects. Arrangements are also being made for the provision of management and technical assistance by both agencies. This proposal will assist credit unions in reinvesting their assets in the neighborhoods where they operate.

5. *Community Development Corporations—Venture Capital*—\$20 million has been requested by the Administration under Title VII of the Economic Opportunity Act to provide significant infusions of new funds to successful Community Development Corporations. It is anticipated that this additional funding for CDC's will enable them to have a significant impact in their communities. Along with supplementary financial support from HUD, EDA, and SBA business and community development programs, the viability of the CDC model as a vehicle for implementing economic development in urban areas can be demonstrated.

6. *National Consumer Cooperative Bank*—Legislation has already passed the House and is now ready for floor action in the Senate to create the National Consumer Cooperative Bank. The NCCB will provide loans and technical assistance to people building their own small business cooperatives in such areas as auto repair, housing, health, crafts and other consumer goods

and services. A special Self-Help fund will target assistance to cooperatives serving low-income urban and rural families. The NCCB will provide, at the end of three years, 1½ billion dollars in loans and technical assistance.

### *Policy No. 4*

**Provide fiscal relief to the most hard-pressed communities.**

#### **ACTIONS TAKEN:**

1. *Supplementary Fiscal Assistance.* The Administration has proposed a Supplementary Fiscal Assistance program to aid local governments experiencing significant fiscal strain. Under this program local governments that have high unemployment or disproportionately slow growth in employment, population and per capita income would share \$1 billion of fiscal assistance for each of the next two years. The Senate and House have held hearings on this legislation and should proceed to take action early this Summer.

2. *New York City Loan Guarantee Legislation.* The Administration has proposed a loan guarantee bill to help New York City get back into the capital markets. This Bill will authorize the Treasury Secretary to guarantee as much as \$2 billion in loans to the City for up to 15 years provided the City complete the task of balancing its budget by 1982 and meet certain other conditions. This Bill passed the House by 247 to 155 on June 8. The Senate is now holding hearings on the legislation.

3. *Welfare Reform Fiscal Relief.* The President has proposed that the fiscal relief component of the Better Jobs and Income Act be phased in as soon as Congress passes this legislation, rather than in 1981 as originally planned. Under the Administration's proposal, it is anticipated that \$500 million in fiscal relief would be authorized for FY 79 and \$600 million for

FY 80. Local jurisdictions would benefit from the fiscal relief payments since states would pass savings on to them in proportion to the amount they contribute to costs of the aid to families with dependent children's program.

## *Policy No. 5*

**Provide strong incentives to attract private investment to distressed communities.**

### **ACTIONS TAKEN:**

#### *A. Private Sector Incentives*

1. *National Development Bank.* Legislation to fulfill the President's pledge to create a National Development Bank is to be submitted to the Congress shortly. The Bank will provide a number of financing tools to encourage business to remain, expand or locate in economically distressed urban and rural areas and to increase private lending in such distressed areas. Through 1981, it will be authorized to guarantee \$8 billion of investments to provide \$1.65 billion of capital grants and \$4.7 billion of interest rate subsidies, and to purchase \$3 billion of private loans. The grants will be funded from new appropriations in HUD and EDA economic development grant programs.

2. *Differential Investment Tax Credit.* Legislation proposing a Differential Investment Tax Credit was submitted to the Congress on May 25. This legislation will work in conjunction with the proposed National Development Bank. The Differential Investment Tax Credit proposal will provide an additional investment credit of five percent, beyond the 10 percent credit of current law, for certain industrial investments in distressed areas. This additional credit will be allowed for those investments or portions of an investment for which the Department of Commerce has issued a "certificate of necessity." Certificates for up to \$400 million of additional credit may be

issued during 1979 and 1980 for eligible investments. Commerce will be required to consider the extent to which the investment will provide job opportunities and contribute to the tax and economic base of the distressed area.

3. *Small Issue Industrial Development Bonds.* The Administration has submitted to the Congress on May 25 a proposal to increase the ceiling for Small Issue Industrial Development Bonds in economically distressed urban and rural areas. Under the President's proposal, the size of projects which may be financed with tax exempt "small issues" of industrial development bonds will be increased from a maximum of \$5 million to \$10 million, but the tax exemption will be allowed only for acquisition or construction of land or depreciable property in "distressed" areas. These urban policy tax incentive proposals are being considered by Congress as part of the tax reform package. Three programs which are designed to reorient Federal activities to assist the economic revitalization of distressed areas are now under development by the Administration.

4. *Federal Facility Location.* The General Services Administration has submitted an Executive Order to OMB which will give priority consideration to the location and relocation of Federal facilities and activities in cities. This initiative is designed to assist in the conservation of existing urban resources and to encourage the development and redevelopment of communities. The Executive Order will be issued shortly.

5. *Federal Procurement in Labor Surplus Areas.* The General Services Administration has also prepared an Executive Order to establish a government-wide program for increasing Federal procurements from firms in labor surplus areas. The heads of Federal departments and agencies will insure that procurements from labor surplus areas are used to help reduce unemployment and maintain and expand economic development opportunities in distressed areas. The Order

establishes a process for setting procurement targets and reporting requirements. It will also be issued shortly.

6. *DOD Experimental Procurement Program.* The Department of Defense is developing an experimental program to target some of its procurement activities to urban areas. A DOD task force is developing the plan and expects to have it fully operational by October 1, 1978.

The Economic Development Administration has established a special task force on minority economic development to explore how best to achieve the objective of aiding minority businesses through EDA's programs.

*B. Existing Economic Development Programs.*

A long run objective of the Urban Policy is to rebuild the private sector economic base of distressed and declining areas. Increased funding and reorientation of HUD's Urban Development Action Grant program and the Department of Commerce's basic Economic Development program is central to this objective. A number of changes have been accomplished or are underway in these Federal economic development programs.

7. *Coordination of HUD and EDA programs.*

- EDA and HUD have agreed to exchange project profiles under HUD's UDAG program and EDA's public works and Title IX programs. The goal is to improve each agency's funding decisions, to avoid duplication of effort and to promote opportunities for joint funding of projects in distressed urban areas.
- Assistant Secretary Hall and Assistant Secretary Embry are meeting on a regular basis to work toward producing an application form and economic development planning requirements that can serve both agencies' programs.
- EDA, HUD and SBA have entered into an agreement to support the provision of technical assistance to twenty-five cities in order to stimulate economic

development and to develop the capacity of city government employees to do complex business financing.

8. *EDA Program Revisions.* Several accomplishments have already been made within the category of "revisions to base or existing programs" by the Department of Commerce's Economic Development Administration. These program improvements should greatly assist in rebuilding the private sector economic base of our cities. The following improvements are underway by EDA:

- EDA announced the Comprehensive Economic Development Strategy program (CEDS) in April 1978, and 37 demonstration areas have been invited to participate in the process. CEDS is designed to help EDA and the participating cities develop rational frameworks upon which investment decisions can be made.
- Supplemental funding for fiscal years 78 and 79 has been requested for EDA's 302 planning program. 302 assistance can aid cities in carrying out long term economic development strategies.
- Congressional approval is being sought to reprogram Section 204 revolving loan funds to Title IX. \$15 million of Fiscal Year 78 funds can then be made available to cities for the purpose of recycling land and facilities for job-creating economic activity.

The Environmental Protection Agency is working on several urban programs which will assist economic development and private sector investment in urban areas, including:

9. *Air Quality Planning Grant.* A related effort underway by EPA is the provision of planning grants to consortia of local governments to develop plans to attain air quality standards. An appropriation request of \$25 million has been made to the Congress to help cities and communities comply with the Clean

Air Act without limiting severely new, private sector investment in urban areas.

10. *Emissions "Banking."* While State implementation plans are being revised for submittal to EPA for approval by July 1979, EPA is providing greater flexibility in the location of new sources of pollution in urban areas. This will be accomplished through a revision to its offset policy. The revision allows "banking" of emission reductions to help mitigate the effects of subsequent growth. The revised policy will be published in the Federal Register by June 30, 1978.

11. *Technical Assistance to Urban Areas.* EPA, in cooperation with HUD and EDA, will provide technical assistance to urban areas to help reconcile potential conflicts between air pollution and economic development goals. The three agencies will meet shortly to develop an interagency work program. Several million dollars of funding will be provided. Revision of regulations and guidelines will be completed by the end of 1978.

### *Policy No. 6*

**Provide employment opportunities, primarily in the private sector, to the long-term unemployed and the disadvantaged in cities.**

#### **ACTIONS TAKEN:**

1. *Labor Intensive Public Works Program.* Legislation to establish a Labor Intensive Public Works Program (LIPW) was sent to Congress on May 25. The Administration's Bill provides for a \$3 billion program over a three year period, and is targeted on communities with high unemployment. LIPW is intended to:

- Provide private sector jobs for the long-term unemployed in public works construction.

- Provide a work experience for unemployed youths and minorities.
- Foster minority-owned business enterprises.
- Assist local governments to rehabilitate public facilities, emphasizing energy conservation, historic preservation, and improvement of public services.
- Demonstrate that public works activities can be structured to employ the long-term unemployed and economically disadvantaged.

At least 50 percent of all jobs created in each area under the Labor Intensive Public Works Program must go to the long-term unemployed. Overall the program is expected to generate about 180,000 person-years of employment, with over 300,000 individuals to be employed through the program.

2. *Targeted Employment Tax Credit.* On May 19, 1978, an Administration Bill to create a Targeted Employment Tax Credit was transmitted to Congress. The proposed tax credit will be available to employers of young persons aged 18-24 who are from low-income households and handicapped individuals who are referred from vocational rehabilitation programs. The amounts of the credit will be one-third of the employee's wages up to a maximum credit of \$2,000 for the first year of employment and one-fourth of those wages up to \$1,500 for the second year. Credits will be earned for employment of about 1.9 million disadvantaged and handicapped persons when the proposed program is fully in effect.

3. *Public and Private Sector Employment Initiatives.*

a. *CETA Reauthorization Bill.* The Administration's Comprehensive Employment and Training Act (CETA) reauthorization bill makes several improvements in existing employment programs including targeting programs more specifically to economically disadvantaged persons. In Fiscal 1976, 77.5% of CETA Title I enrollees were economically disadvantaged; in 1977, 78.3%. In the first quarter of FY 1978, 80.6% of the enrollees were economically disadvantaged. The

legislation will provide a permanent, triggered countercyclical public service employment program with 400,000 jobs at 5.75 percent unemployment, 500,000 at 6.25 and an additional 100,000 for each .5 percent increase in unemployment.

b. *Private Sector Initiative Program.* President Carter has proposed a \$400 million a year program to encourage private employers to hire and train long-term unemployed and low-income individuals. The Private Sector Initiative Program will be operated jointly by CETA prime sponsors and locally formed Private Industry Councils composed of representatives of large and small businesses and organized labor. Private Industry Councils are (1) to secure more private sector jobs for the long-term unemployed and low-income workers, and (2) to attract greater private sector participation in all aspects of local employment and training activities. The enabling legislation for the Private Sector Initiative Program is Title VII of the CETA authorization bill.

The House Education and Labor Committee and the Senate Human Resources Committees have both reported their CETA Bills. Votes are expected in the early summer.

## *Policy No. 7*

**Increase access to opportunity for those disadvantaged by a history of discrimination.**

### **ACTIONS TAKEN:**

1. *Equal Employment Opportunity Commission.* Reorganization of the EEOC has reduced its backlog of cases and increased its responsiveness. Its powers will be strengthened through the President's Reorganization Plan, which will consolidate within the EEOC enforcement of civil rights requirements relating to employment.

2. *Federal Home Loan Bank Board.* The FHLBB issued on May 18 strong and comprehensive nondiscrimination

regulations prohibiting redlining. Preventing redlining will allow qualified loan applicants to realize this right to the home of their choice in an area of their choice.

3. *Federal Deposit Insurance Corporation.* In May 1977, the FDIC began a program of examining financial institutions to determine their compliance with consumer laws and regulations. These include the Fair Housing Act, the Truth in Lending Act, the Equal Credit Opportunity Act, the Home Mortgage Disclosure Act and the Fair Credit Reporting Act.

4. *Comptroller of the Currency.* The Comptroller has developed a program providing support to minority and women's commercial banks. It will be implemented through a joint government/private effort. The Comptroller is working with the Interagency Council on Minority Business and others in establishing the program within six weeks. The program will provide management, marketing and capital support. Although not directly aimed at community development, the program should benefit communities by strengthening minority and women's banks within them.

5. *Housing and Urban Development.* Cities receiving community development block grant funds are now required to target their funding toward low and moderate income individuals. These people and the neighborhoods in which they live will receive a large share of this \$4 billion program.

Additionally, requirements that suburban communities receiving block grant funds take steps to provide subsidized housing for families have been substantially strengthened. Communities requesting block grants that are unwilling to provide such housing are now having their applications disapproved.

Equal opportunity efforts are a requirement of HUD's new Housing Opportunity Plan directed toward major metropolitan areas.

The Interagency Council on Minority Business Enterprise, (IAC) chaired by the Under Secretary of Commerce, has taken the lead on two urban initiatives designed to aid minority firms.

6. *Tripling Federal Procurement from Minority Businesses.* The President pledged to triple, in comparison to 1977 levels, Federal procurement from minority businesses by the end of FY 1979. IAC is also working to coordinate this minority procurement initiative with GSA's labor surplus program.

7. *Minority Set-asides—Construction Grants.* IAC is also coordinating the Federal-wide response to the proposed set-aside for minority business participation in Federal construction grant-in-aid programs. This initiative builds upon the successful EDA experience with the 10 percent minority set-aside under the Local Public Works program. A program plan has been developed and a position paper is being circulated among participating departments and agencies.

### *Policy No. 8*

**Expand and improve social and health services to disadvantaged people in cities and communities.**

#### **ACTIONS TAKEN:**

1. *Title XX.* Legislation was sent to Congress on May 19 to help States expand social services programs to people living in their most hard-pressed communities. The Bill would amend Title XX of the Social Security Act and would add \$150 million a year for fiscal years 1979 through 1982 to the current annual authorization of \$2.5 billion under Title XX. Local governments would have a larger role in planning for the use of these funds since State agencies would have to involve the chief elected officials of cities, counties and other localities in development of social service plans. The Bill will affect child day care services, and give States permanent permission to use Title XX funds to pay for expenses connected with the initial treatment of alcoholics and drug addicts. The Bill will also allow for multi-year planning, and would require that States identify in their

plan the criteria that they used for distribution of Title XX funds.

2. *Inner City Health Initiative.* The proposed Inner-City Health Initiative will provide an additional \$50 million to the Community Health Services' proposed FY 1979 budget of \$301 million. These additional funds will help in improving the health care of inner-city residents in selected cities across the country. The main objectives of the initiative are to provide more comprehensive, less costly primary care services to those among the estimated 49 million medically underserved people who live in the inner-city and to reform inefficient health delivery systems.

3. *Title I (ESEA) Concentration.* Although submitted to Congress earlier in the year, the increases in the Title I program of the Elementary and Secondary Act proposed by President Carter are an essential part of the urban policy package. A \$600 million increase in Title I has been recommended; \$400 million of which will be targeted to cities and other areas with high concentrations of low-income families. House action is expected soon with Senate action in the next 4 to 6 weeks. The final Bill should be passed by August or September.

4. *"Cities in Schools."* The President has recommended an additional \$1.5 million to expand the experimental "cities in schools" project now operating in three cities. This program, which assists families and students in troubled schools, will be expanded to 7 additional cities. Its objective is to integrate education and human services in local communities through highly individualized assistance.

## *Policy No. 9*

**Improve the urban physical environment and the cultural and aesthetic aspects of urban life.**

### **ACTIONS TAKEN:**

#### *A. Housing and Community Development*

1. *Section 312 Rehabilitation.* The Administration has proposed an additional \$150 million for rehabilitation loans under Section 312 of the Housing Act of 1964. This request has been approved by the Senate and Housing Banking Committees. The Senate Appropriations Committee is scheduled to mark up in June. The proposed funding authorizations will permit an expanded effort in neighborhood revitalization of single and multi-family housing in selected neighborhoods and a strengthening of HUD's urban homesteading program.

2. *Revision to Existing HUD Programs.* Prior to the President's urban message, a \$2.7 billion dollar increase over three years in the Community Development Block Grant Program was passed by Congress. A change was also made in the formula to provide more assistance to some older and declining cities, counties and urban areas. The Department of Housing and Urban Development initiated approximately 50 changes in its housing and community development programs to improve their effectiveness in urban areas. The following are among 20 completed changes that have been accomplished as part of the President's urban policy:

- A simplified handbook for the Section 202 elderly housing program and its application process, including technical assistance to minority developers.
- Provision for flexible FHA housing mortgage payments for young households, allowing graduated payments over the first five years.
- Provision for use of private home warranty programs for new FHA home purchasers.

- Reduced interest rate from 4 to 3 percent with the 235 assisted single family housing program for families earning up to 95 percent of median income.
- Providing opportunities for tenants and neighborhood residents to repair HUD-owned housing projects, including continued use of CETA training funds and requesting contractors to hire tenants.
- Provision for greater local government responsibility in administering the Section 312 housing rehabilitation program, including flexibility in use of local building codes.
- Consolidation of local housing assistance and community development planning requirements in Community Development Block Grant (CDBG) program.
- Targeting CDBG funds to Neighborhood Strategy Area receiving other coordinated Federal funding, to assist in stabilizing and revitalizing neighborhoods.
- Revision of CDBG regulations to provide greater citizen participation for low and moderate income residents.
- Permit eligible CDBG communities to provide CDBG funds to neighborhood nonprofit organizations such as local development corporations.
- Provision in CDBG regulations to encourage spatial deconcentration of lower income and minority persons.
- Provision in new CDBG regulations expanding economic development activities carried out by nonprofit and neighborhood organizations and requiring local governments to involve business sectors in the planning process.

***B. Private Financial Institutions Initiatives***

The Federal Home Loan Bank, the Comptroller of the Currency, the Federal Deposit Insurance Corporation, the National Credit Union Administration, along with other Federal regulatory agencies, have initiated a series of major

initiatives to involve private financial institutions in the President's urban policy.

3. *Community Investment Fund.* The \$10 billion Community Investment Fund established by the Federal Home Loan Bank Board will be used as a financial catalyst to encourage savings and loan associations to increase their institutional commitment to lending in our Nation's communities, both large and small. The Fund will provide loans to those savings and loans and mutual savings banks—which demonstrate leadership in revitalizing and developing communities. The five-year Fund will be administered locally by the 12 regional Federal Home Loan Banks and will use no tax dollars. Money for the Fund is raised in the private financial markets using the existing facilities of the Federal Home Loan Bank System. It will finance, as a result of the cooperation among financial institutions, local and State governments, the purchase and rehabilitation of over 300,000 housing units. Loans will be targeted in communities to supplement and leverage funds available under community development block grants, urban action grants, and economic development grants, as well as other funds available from Federal, State, and local governments and private sources.

4. *Urban Reinvestment Task Force.* The Urban Reinvestment Task Force, consisting of five regulatory agencies and the Department of Housing and Urban Development, is continuing its work in Neighborhood Housing Services Programs and Neighborhood Preservation Projects. A total of 46 Neighborhood Housing Services Programs are now organized and serving 52 neighborhoods, 29 others are in development, and 8 existing NHS's are expanding their programs to second neighborhoods.

5. *Neighborhood Commercial Reinvestment Task Force.* The objective of the Task Force, chaired by the Comptroller of the Currency, is to encourage private sector financial institutions to provide greater resources for neighborhood commercial revitalization. This expands the Urban Reinvestment Task

Force Housing concept to the commercial credit area using local organizations composed of merchants, residents, government officials and commercial bankers. Its membership consists of nine departments and agencies.

6. *Office of Community Investment.* The FHLBB has established the Office of Community Investment (OCI) to stimulate, encourage and institutionalize savings and loan industry efforts to revitalize and develop our communities. As a part of this process, Community Investment Officers have been hired at the Vice-President level for 11 of the 12 FHLBB District Banks. They will be responsible for effecting partnerships between community groups and savings and loans.

7. *Office of Community Development.* The Comptroller of the Currency has established the Office of Community Development. This new office will be responsible for administering all community development activities within the Office of the Comptroller of the Currency. It will develop models and strategies for commercial bank participation in community development. In addition, it will be an information clearinghouse for the community development activities of commercial banks and for Federal programs which might facilitate commercial bank involvement in community development.

8. *Institute for Community Investment.* The Institute, proposed by FHLBB, will bring together community groups, lenders, appraisers, insurance companies, underwriters, local government and State housing officials, realtors, home builders and labor unions. The purpose is the creation of public/private partnership strategies and approaches which facilitate neighborhood revitalization. The Institute will focus on removing roadblocks such as unreasonable lender definitions of "risk" and prompting positive programs such as affirmative marketing. It would also train teams of urban lending specialists.

9. *The Community Reinvestment Act and Implementation.* The Community Reinvestment Act, enacted

last year as Title VIII of the Housing and Community Development Act of 1977, requires the Federal financial regulatory agencies to encourage the institutions regulated by them to try affirmatively to meet the credit needs of their entire communities including low and moderate income neighborhoods consistent with safe and sound operations. The agencies are required to assess each institution's record and take it into account when an institution makes an application to branch, merge, or relocate.

The Bank Board, in cooperation with the other Federal financial regulatory agencies, held a series of regional hearings in Atlanta, Boston, Dallas, Chicago, San Francisco, on how to implement the Act. Regulations responsive to these comments are presently being developed by the Bank Board and other financial regulatory agencies.

*C. Urban Environment.*

10. *Livable Cities.* Also on May 23, an Administration Bill was sent to Congress to establish a "Livable Cities" program to bring within the reach of all income groups opportunities to develop and preserve the artistic, cultural and historic resources as a catalyst for community identity, spirit and pride. Funding of \$20 million would be authorized for each of fiscal years 1979 and 1980. Recipients are expected to represent every region of the country, serving neighborhoods of every economic and social level, but primarily communities and neighborhoods with a high proportion of low and moderate income people. Applications will be reviewed jointly by HUD and the National Endowment for the Arts.

11. *Urban Parks and Recreation.* Legislation was transmitted to Congress on May 12 by the Department of the Interior for the Urban Park and Recreation Recovery program proposed in the President's message. \$150 million per year in challenge matching grants will be provided to local jurisdictions to encourage revitalization and rehabilitation of urban recreation systems. A 25% additional match is included as a dollar-for-dollar incentive for State matching contributions to a project. Participation of neighborhood and voluntary

organizations is encouraged. The National Park and Recreation Act of 1978 which has been reported by the Interior and Insular Affairs Committee contains an authorization identical to the Administration proposal. The Senate plans hearings in late June.

12. *Resource Recovery Planning Grants.* An appropriation request has been submitted to Congress and new regulations are being developed for an EPA demonstration program of Resource Recovery Planning Grants. This program will provide planning and implementation funds to 15 to 30 target cities as seed money to stimulate adequate planning and implementation of resource recovery.

*D. Reducing Urban Sprawl*

13. *EPA Revisions to Reduce Urban Sprawl.* The Environmental Protection Agency is revising its basic programs to discourage energy-inefficient and environmentally-unsound sprawl. Interim regulations were published in the *Federal Register* on April 25. These regulations will have the effect of reducing the Federal subsidy to the sprawl reinforcing elements of the wastewater treatment facilities construction grant program. Final regulations based on public comment will be published by September 15, 1978. Similar revisions are being made to the EPA Water Quality Management Planning Program. This program will be tied more closely to the wastewater treatment facilities program to ensure that it works in concert with community development needs. Final regulations will be published by October 30, 1978. EPA is also developing revisions to its policies, regulations and guidelines to prevent waste treatment facilities funded through EPA grants programs from causing delays in meeting health-related air quality standards.

14. *Urban Intermodal Transit Program.* Currently Congress is considering legislation to implement the Administration's proposed Urban Intermodal Transit Program. This proposal will provide \$200 million each year for intermodal transportation and economic development aid to cities through DOT's Urban Mass Transportation Capital grant program in

coordination with HUD and EDA programs. This urban program is tied to the Highway and Public Transportation Improvement Act of 1978. The Administration's legislation also contains a number of provisions to provide greater flexibility to State and local officials and to increase DOT's responsiveness to urban needs. Senate and House Committees have reported their bills.

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